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Santiago Melo*

Abstract

In this paper I discuss the major approaches to happiness in the economics of happiness: hedonism and life-satisfaction approaches. It is possible to identify a tension between two important principles in this literature: 1) individuals are the best judges of their own happiness, and 2) the purpose of economics should be the direct endorsement of happiness. I argue that hedonism conflicts with the first principle. In the case of life-satisfaction theories, the restricted approach conflicts with both principles while the unrestricted approach only with the second. I also argue that the field presents difficulties establishing happiness as a consistent normative concept. In order to show this, I return to the theories of Aristotle and Seneca because: 1) both the ancients and these economists consider happiness as the overarching good; 2) even though these economists recognize the importance of eudaimonistic theories, their interpretation and use has not been satisfactory; 3) the debate between Aristotle and Seneca has implications both on the quantitative character of happiness and on the role of public policy regarding its promotion. The main lesson of the ancients is methodological: what made the discussion so rich among them was their awareness that happiness was principally a normative concept whose content had to adjust in order to meet its normative demands; a point contemporary literature seems to have missed.

Key words: Happiness, hedonism, life-satisfaction approaches, Aristotle, Seneca, aim and scope of Economics.

JEL Classification: A11, A13, B11.

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EUDAIMONÍA Y ECONOMÍA DE LA FELICIDAD

Santiago Melo*

Resumen

En este documento se discuten las principales aproximaciones a la felicidad en la economía de la felicidad: el hedonismo y los enfoques de satisfacción de vida. Es posible identificar una tensión entre dos principios importantes en esta literatura: 1) los individuos son los mejores jueces de su propia felicidad, y 2) el propósito de la economía debe ser la promoción directa de la felicidad. El artículo sostiene que el hedonismo choca con el primer principio. En el caso de las teorías de satisfacción de vida, el enfoque restringido choca con ambos principios, mientras que el no restringido sólo con el segundo. El artículo también sostiene que esta rama tiene dificultades para presentar la felicidad como un concepto normativo consistente. Para mostrar esto se estudian las teorías de Aristóteles y Séneca porque: 1) tanto los economistas de la felicidad como los antiguos consideran que la felicidad es el fin último de la vida humana; 2) aunque estos economistas reconocen la importancia de las teorías eudaimonistas de la felicidad, su interpretación y uso no han sido satisfactorios; y 3) el debate entre Aristóteles y Séneca tiene implicaciones importantes sobre el carácter cuantitativo de la felicidad y la capacidad de las políticas públicas para promoverla. La lección principal de los antiguos es metodológica: la riqueza de sus discusiones radica en que las distintas escuelas eran conscientes de que la felicidad es principalmente un concepto ético, cuyo contenido ha de ajustarse a sus exigencias normativas. Éste es un punto que la literatura contemporánea parece haber pasado por alto.

Palabras clave: Felicidad, hedonismo, satisfacción de vida, Aristóteles, Séneca, propósito y alcance de la Economía.

Clasificación JEL: A11, A13, B11.

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EUDAIMONIA AND THE ECONOMICS OF HAPPINESS

INTRODUCTION

The most prominent empirical observation that motivated the enquiry about happiness among economists is the Easterlin Paradox, which consists in the lack of a direct correlation between average self-reported life-satisfaction to per-capita income in several countries. Self-reported life satisfaction is basically measured by questionnaires in which people are asked how happy or satisfied they are with their lives. The paradox registers that, contrary to what economic theory would lead us to expect, the large increase in income over the second half of the 20th century was not accompanied by an increase in life satisfaction, which remained mostly unchanged over the period[1]. Although rich people report higher satisfaction than poor people in one country at a given moment of time, wealth does not seem to explain differences in self-reported life satisfaction across countries, or even the evolution of life satisfaction in one country through time. Some economists, motivated by these empirical observations, started questioning the importance of material welfare and growth, because according to them they are significant only if they contribute to improving the human lot, which is equivalent in their view to increasing happiness. Questioning the link between happiness and material welfare was the first step for the emergence of the economics of happiness.

Happiness becomes the central object of enquiry for these economists[2] because they consider its promotion to be the real objective of economics. On these lines, Frey (2008, p. 3) says that "[e]conomics is –or should be –about individual happiness". Notice that saying that economics *should* be about happiness is a normative[3] statement that requires justification and implies a departure from other positions in economics that argue that material growth or prosperity is the aim

[1] Frey (2008, p. 39) reports that per-capita income rose in Japan by a factor of 6 between 1958 and 1990, while average life satisfaction remained unchanged at a level of 2.7 on four-point scale. Layard (2005, p. 33) shows that "for countries above $20,000 a head, additional income is not associated with extra happiness", even though it seems to explain differences in average happiness between those countries and the poorer ones. Nevertheless, "within a single country, at a given moment of time, the correlation between income and happiness *exists and it is robust"* (Bruni and Porta, 2007, p. xv).

[2] Some of the most important exponents of the economics of happiness are not economists but psychologists. However, as long as they are recognized by the field, I will refer to them as economists of happiness. See Frey (2008, p. 13).

[3] I follow Haybron (2008, p. 37) in the use of the term 'normative': "'Normative' theories [...] entail value judgments about what *matters,* is *good,* or we have *reason* to do". In this sense, normative is used as a synonym of 'evaluative' in opposition to 'descriptive'.

of economic science. This departure means, as noted above, that material prosperity is considered important only in relation to human happiness:

> Everyone wants to be happy [...] Economic activity—the production of goods and services—is certainly not an end in itself but only has value in so far as it contributes to human happiness. (Frey and Stutzer, 2002, p. 1)

If economics should be about happiness then we have to reflect seriously on what happiness is, and here is where the biggest challenge of the field lies. Bruni (2007) argues that a common characteristic of this literature is "the loose use of the term 'happiness'. Although the prevalent meaning of happiness is subjective well-being, almost every author has his/her own definition of happiness. Ng [...] defines happiness as 'welfare'; for Oswald happiness means 'pleasure' or 'satisfaction'; and last, but not least, Easterlin says: 'I use the terms happiness, subjective well-being, satisfaction, utility, well-being, and welfare interchangeably'" (Bruni 2007, p. 27). Such a variety has been identified by some as a source of confusion, and therefore the field has been subject to hard critiques for the lack of systematic reflection about the concept itself (Chekola, 2007). Even if this is the case with many authors, some economists of happiness and other happiness researchers have started to use only one term in order to avoid misunderstandings. Throughout this paper I will use only the term happiness to refer to the normative concept in each theory. Using the same word has the advantage of allowing me to concentrate on the debate about what happiness is given that it is taken to be the human overarching good. Following Haybron (2008, p. 39), what matters is to focus on the content of the normative concept and not in the name we give to it. If the only discussion is whether we say "happiness", "utility", or "well-being", the debate will only be verbal or terminological. As I will show, the problem in the economics of happiness goes beyond choosing a name for the central normative concept. It is a debate about its content and this, I argue, has strong implications on two important issues for the economists of happiness: the possibility of measuring happiness and the role of economics with respect to the promotion of happiness.

The purpose of this article is to contribute to the clarification of the concept of happiness in the economics of happiness in the light of the ancient theories of happiness, particularly those of Aristotle and Seneca. The latter are referred to as *eudaimonistic* theories because of the Greek word *eudaimonia,* usually translated as happiness. Why is it relevant to return to ancient thought for

discussing the concept of happiness in the economics of happiness? The basic reason for returning to ancient eudaimonistic theories is that they share with these economists a basic claim about happiness: happiness is the final or overarching good for human beings. This point does not attribute any particular content to the notion of happiness but works as the framework in which the discussion about its content is carried on. I will explain how the ethical character of happiness serves as the common ground that makes it possible and relevant to bring the ancient ideas into the debate about the concept of happiness within the economics of happiness.

Another reason for resorting to ancient philosophy is that some of these economists seem to be aware of the richness of ancient reflection about happiness (mostly Aristotle's version) and refer to it either to criticize their notion of happiness or to support their arguments. I will argue that the interpretation and use of the ancient theories of happiness has not been satisfactory. Using classical philosophy to support our thesis, or comparing our theories of happiness to those of the classical philosophers, will contribute to the construction of a solid concept of happiness in economics only insofar as ancient philosophy is properly understood. However, as I will show in the course of this article, the discussion of ancient theories of happiness among economists has been limited and narrow. Widening the comparative study will extend the reflection about the nature of happiness and contribute to its precision, hence to a rigorous treatment of what it is we are talking about.

Is this just a matter of exegesis of ancient philosophy? Why should economists care about this? Some positions in the economics of happiness claim to be consistent with an Aristotelian or eudaimonistic approach. I will show that embracing such an approach restricts the possible contents we may attribute to happiness. The eudaimonistic framework establishes two formal (ethical) constraints to happiness (namely, completeness and self-sufficiency) which determine the content of the concept itself. Therefore, an Aristotelian position in economics of happiness, for example, should take seriously into account those constraints and their consequences. Seneca's position reveals a tension faced by Aristotle between some intuitions about the content of happiness and its formal characteristics. The debate has implications both on the quantitative character of happiness and on the role of public policy regarding its promotion. Insofar as these issues are central for the economics of happiness, the ancient debate may shed light on the current debate.

The rest of the text is divided in three sections and some concluding remarks. In the first section I present the major approaches to happiness in this literature (i.e. hedonism and life-satisfaction approaches) and the current debate. In this section I show the tension between two important principles: 1) individuals are the best judges of their own happiness, and 2) the direct endorsement of happiness should be the purpose of economics. I argue that hedonism conflicts with the first principle, while within the life-satisfaction approach one branch conflicts with both principles and the other only with the second. In the second section I present the formal characteristics of the ancient eudaimonistic framework. In the third section I introduce the debate between Aristotle and Seneca regarding the role of wealth and pleasure in the happy life and its implication on the possibility of measuring happiness, as well as on the role of public policy in the promotion of happiness. I also discuss the interpretation and use of ancient theories among economists of happiness. Finally, I conclude by reviewing the contributions of the eudaimonistic framework to the current debate.

SECTION I: WHAT IS HAPPINESS IN THE ECONOMICS OF HAPPINESS?

The economists of happiness believe that happiness is something that can be measured. Therefore, even if they do not give an explicit definition of the concept, it is possible to extract it from the measurement mechanisms employed. I will explain two broad methods in this literature in order to derive from them the concept of happiness used by these economists: neurophysiologic measures and surveys. These two methods are not exclusive, but it is convenient to analyse them separately in order to distinguish their implication on the concept of happiness. In the first part of this section I present the content of happiness derived from these measures. Subsequently I address the normative characteristics of happiness in the economics of happiness, i.e., the ethical role that happiness plays according to these economists. Finally I show the difficulties that emerge when relating the content and the normative characteristics of happiness.

1.1 The content of happiness

1.1.1 Neurophysiologic approach

The neurophysiologic approach to happiness consists in measuring the pleasant feelings in the brain. I follow Richard Layard's (2005) presentation of this approach because he is one of the

authors that relies the most on this type of measure. The first important characteristic of the neurophysiologic[4] approach is that happiness is conceived as a *feeling* that can be measured through brainwaves. Layard argues that the recent findings in psychology and brain physiology allow measuring objectively this feeling of happiness. Scientists have found that pleasant feelings are associated with electrical activity in the left side of the forebrain, while unpleasant ones are related to electrical activity in the right hand side. "So a natural measure of happiness is the difference in activity between the left and right sides of the forebrain" (Layard 2005, p. 19). According to Layard, happiness has the property of being a *single* dimension of experience which oscillates from the extreme negative (complete unhappiness) to the opposite extreme positive (complete happiness), ruling out the possibility that happiness and unhappiness coexist at the same time in the same individual (Layard 2005, p. 21). In other words, if the feelings experienced in the left side of the brain outweigh the ones experienced in the opposite side, then we could say that the individual is happy; if the opposite happens, then we say that she is unhappy.

Based on the neurophysiologic approach Layard claims that happiness is comparable across individuals. It is possible to say that happiness is subjective in the sense that it is experienced by the individual, but objective in the sense that it corresponds to a physical phenomenon (the brain's electrical activity). It is only in this sense that happiness is said to be objective: "physiological methods are objective only in the sense that they provide an objective measurement of subjective well-being" (Barrotta 2008). Notice also that neurophysiologic measures are principally concerned with affections (positive and negative feelings), and this is the reason why they are classified as affective indicators of happiness (Diener et al. 2009, p. 15).

Layard says that it is not yet possible to implement such a measure of happiness on a large scale in order to study its determinants. The alternative is asking people about their happiness, but this raises the question of whether or not people really know how they feel. In this context, people really know how they feel only if their answers to the question reflect the physical sensation they are experiencing. Based on his previous statements, the validity of surveys would depend on the correlation between people's report about their level of happiness and the electrical activity in the

[4] I follow Barrotta's (2008) classification and his presentation of Richard Layard as an example of this approach. This does not mean that Layard's use of neuroscience's findings is correct or that it is the only method based on neuroscientists' research, but these issues lay beyond the scope of this text.

brain. He argues that there is a strong correlation between people's reported feelings and the brain imaging measurements, and this implies both a validation of surveys as a measuring technique and a corroboration of the statement that people know how they feel: "There is no difference between what people think they feel and what they 'really' feel [...]" (Layard 2005, p. 20). In Layard's case, then, it seems that we are only authorized to use surveys as a way of measuring happiness because they reflect the physiological experience. This point is relevant because, as I will show in subsection 1.2.1, it will be a source of tension with a principle about happiness held by most economists, namely, that individuals are the best judges of their own happiness. To sum up, under this approach happiness is an affective experience, a state of mind objectively measurable by the electro-cortical activity in the brain.

1.1.2 Surveys

Happiness surveys are designed to capture the satisfaction of individuals over their life as a whole. For example, "in the World Values Survey (Inglehart et al. 2000), life satisfaction is assessed on a scale from 1 (dissatisfied) to 10 (satisfied). People are asked 'All things considered, how satisfied are you with your life as a whole these days'" (Frey 2008, p. 18). These surveys are also known as evaluative judgements of life (Diener et al. 2009, p. 19). What factors are involved in the answers to this type of questions? Psychologists and economists state that people's responses involve both affective and cognitive processes related to their perception about their own life. The affective component refers to the positive and negative feelings that individuals experience towards their life. The cognitive or evaluative component involves the individual's judgement about his life, in which the respondent expresses if his life corresponds with what he would like it to be. Diener et al. (2009, p. 19) illustrate the cognitive component as answering to the question 'Is my life close to my ideal?'

These economists are not looking for the same information than those of the affective approach when analysing survey data. As we have seen, Layard (2005) uses survey data as a proxy for his definition of happiness, justifying this on the positive correlation between self-reports and the neurophysiologic measures. On the contrary, Diener et al. (2009) and Barrotta (2008), among others, consider happiness to be the favourable judgement of an agent towards his own life, a judgment in which pleasurable feelings might play a role but they could be just one of many factors

that individuals take into account when evaluating their lives as a whole. Hence, for these economists surveys have a value that goes beyond their positive correlation with the physiological measures of affect. This approach emphasizes that subjective evaluation relates to the individual's life as a whole and not to momentary or isolated episodes. It may also be understood as implying a desire-satisfaction notion of happiness in which it is allowed that individuals not only value their positive affective states, but also other things which they include in the judgement about their lives.

Thus far I have suggested that the problem in the economics of happiness goes beyond what some have identified as a terminological confusion. It is true, as I will show in the last part of the article, that the interchangeability of terms such as happiness, utility and subjective well-being obstructs the understanding of alternative conceptions of happiness –particularly of the eudaimonistic theories of happiness– that could nurture, or even be better, than the current ones in the economics of happiness. However, as I have shown, the concepts of happiness in the economics of happiness are quite clear in terms of their content. In the following sections I will try to show that they are not satisfactory given the normative characteristics that the concept entails.

1.2 The normative characteristics of happiness

In this section I present the normative characteristics that economists of happiness attribute to the concept of happiness. It is important to distinguish between the content and the normative characteristics of happiness because, as I will show, economists of happiness do not share a common view on the way these two aspects are related, and because it is an essential point in the ancient discussion of happiness. For example, two economists might agree that happiness is the most important *good* but disagree about its content. Another possibility is to find an agreement on the content of happiness but not on the role it plays at a normative level. The discussion within the economics of happiness can be addressed in terms of how adequate is the content attributed to the notion of happiness in the light of the normative characteristics demanded from it. At the same time, this step will allow us to justify the return to the classical theories of happiness to enrich the debate within the economics of happiness.

The following passage synthesizes the relative consensus among the economists of happiness (and other social scientists) about the normative role of the concept of happiness:

> The relative lack of research attention to the consequences of happiness might be due to the fact that Aristotle, as well as 19th-century utilitarian philosophers, persuasively argued that happiness is the ultimate goal and ultimate good [...] Many researchers must have felt that if happiness is the ultimate goal, why should we care about the *consequences* of this ultimate goal? (Oishi & Koo 2008, p. 290)

The importance of this passage for the purpose of the current argument is that Oishi and Koo suggest that many researchers conceive happiness as the ultimate good and ultimate goal of human beings[5]. Indeed, this is the case of many economists of happiness[6], as we will see in the course of this section. Another important element, to which we will return in the last part of the text, present in Oishi and Koo's statement is that the idea of happiness as the ultimate good is inherited from two philosophical sources: Aristotle and the 19th-century utilitarianism. Though both traditions hold this to be true, the content and the nature of happiness differ notably between them. In other words, happiness is the central normative concept in Aristotelian and utilitarian traditions, but each theory gives a very different account of what happiness is.

1.2.1 Happiness as the ultimate goal: Richard Layard's theory

For the time being, let us concentrate on the view of those economists of happiness that can be identified with Oishi and Koo's statement. Again, Richard Layard's theory is useful because he devotes a considerable amount of attention to justify the importance of happiness as the basic and overarching normative concept. The following passage shows the basic normative characteristics that Layard assigns to happiness:

> Why should we take the greatest happiness as the goal for our society? Why not some other goal –or indeed many? [...] The problem with many goals is that they often conflict, and then we have to balance one against the other. So we naturally look for one ultimate goal that enables us to judge other goals by how they contribute to it. Happiness is that ultimate goal because unlike all other goals it is self-evidently good. If we are asked why happiness matters, we can give no further, external reason. It just obviously does matter [...] So goods like health, autonomy and freedom are "instrumental" goods- we can give further, more ultimate reasons for valuing them. (Layard 2005, p. 113).

The first element that stands out is the association between goal and good; happiness is said to be both the ultimate good and the ultimate goal. This will be a very important common feature with

[5] In the last section I will discuss what they call the 'consequences of happiness'.
[6] cf. Layard (2005); Frey (2008); Easterlin (2002); Frey & Stutzer (2002); Oswald (1997).

ancient philosophy of happiness, to which we will return when we explore the eudaimonistic theories. Layard's reason for regarding happiness as ultimate is that we do everything for the sake of it and at the same time it is not sought for an ulterior motive. Notice, however, that this role is given to happiness at a social level. Then, it is reasonable to ask if the same holds at an individual level, i.e. if happiness is considered also to be the ultimate good for each individual.

Layard (2005, p. 24) says that happiness is "supremely important because it is our overall motivational device. We seek to feel good and to avoid pain (not moment by moment but overall)", and that the greatest happiness is also "the proper criterion for private ethical decisions" (Layard 2005, p. 115). There are two different levels: 1. happiness as an individual reason for action, and 2. happiness as a normative guide for individual action. At the first level, he claims that we do everything as a means for achieving happiness, which in Layard's theory corresponds to a positive emotional state. Notice that this is a 'positive' claim, i.e. one that refers to how human beings act: "it is impossible to explain human action [...] except by the desire to achieve good feelings" (Layard 2005, p. 26). The first level, then, would be a theory of individual action. The second level is a normative claim; it states that what is *good* is to act in such a way as to achieve the greatest happiness. This second level has a *quantitative* component, which follows from the fact that Layard considers happiness to be a single dimension of experience which is capable of being experienced in different amounts. Then, if happiness varies in magnitude and it is the ultimate purpose of our actions, then there is no reason, at least from an individual point of view, for not seeking the greatest amount of it.

From the second level two questions come forward: 1. is the magnitude of happiness the only thing that matters? 2. Should we care about the happiness of others? The first question is important because, as we have seen, Layard's quantitative-affective approach considers the different levels of happiness as points along the same continuum. Then it is possible to ask if there is any distinction based on their sources of happiness. In other words, should we be ethically indifferent between the level of happiness x obtained from action y and the same level obtained from action z? Layard, discussing John Stuart Mill's utilitarian theory, answers affirmatively to this question:

> Mill believed that the happiness of different experiences could vary both in quantity and in quality. (He could not accept that a given amount of satisfaction derived from the game of "pushpin" was as valuable as the same amount of satisfaction derived from poetry) [...] Mill

> was right in his intuition about the *sources* of lasting happiness, but he was wrong to argue that some types of happiness are *intrinsically* better than others. (Layard 2005, pp. 22 - 23).

It is possible to conclude, then, that Layard sees happiness as the only thing intrinsically good, regardless of its sources. This implies that any action or thing is to be morally judged only by the amount of happiness it produces. For example, suppose that an action *x* produces a feeling *f,* and action *y* produces a feeling *f ',* then actions *x* and *y* would be morally indifferent if *f* and *f '* share the same level of happiness even if they differ in terms of arousal, the second dimension of feeling. The distinction between happiness and feeling, the former being the first dimension of the latter, implies an alternative definition of happiness: happiness is a common property that all positive feelings share. If happiness is that property, then it is possible to say that happiness is equivalent to pleasure if we accept that this is something all the positive feelings have in common. This interpretation is acceptable if we remember that, as we saw above, individuals seek to feel good and avoid pain. It does not seem farfetched to present pleasure as the opposite of pain, and therefore happiness as a positive result of the difference between pleasure and pain, conceived as measurable notions. This implies that a morally acceptable action would be one that increases pleasure and decreases pain. In general, there are only three possibilities for comparing morally two actions *x* and *y*: either *x* is better for it produces more happiness than *y,* or *y* is better because of the converse, or they are indifferent because they produce the same amount. Regardless of the empirical difficulties of measuring the level of happiness, in theory it is always possible to determine which course of action is morally acceptable. Layard considers this to be one of the most attractive features of his theory, namely, that it provides a clear guide for our actions:

> Ethical principles have to cover much more than "don'ts." They must guide us on how to use our time and our talents. Take the huge issue of which career I should adopt. I should obviously think about what I would enjoy, but I should also think about what would make the most difference to the welfare of others. The ordinary "rules of morality" provide little guidance in such a momentous moral choice [...] (Layard 2005, p. 116).

The second question we mentioned before comes forward when we consider this passage: why should I also think about what would make the most difference to the welfare of others? To explain this, Layard says that we have a "moral sense" which demands impartiality. He introduces the figure of an "impartial spectator" to explain how we should judge situations in which not only our happiness but also the happiness of others is involved. "This impartial spectator, being human, knows that everyone wants to be happy, and he therefore judges the two outcomes in terms of the

total happiness of all those affected" (Layard 2005, p. 116). The impartial spectator allows him to establish the social rule we mentioned above, namely, the greatest happiness principle, which states that at a social level what is morally good is to maximize the total sum of individual happiness. Why the sum? Precisely because the impartial point of view, according to Layard, requires everybody's happiness to have an equal weight, a condition that the sum satisfies.

1.2.2 Trouble with Layard

Let us take a moment to discuss the introduction of the impartial spectator. It is not clear how Layard would justify that we should think of our actions as impartial spectators. The reason for this is the claim that happiness is our overall motivational device. But it is clear that when we say *our motivational device* this *our* means our *own*, as Layard himself argues. Based on his model of human action, it is hard to see why we *should* assume the impartial point of view. Unless the happiness of others affects my own (for example I am happier if my friends are happy than if they are miserable), I do not have a reason for taking the impartial point of view under Layard's model. And even when I take others' happiness into account, I may not be assuming a properly impartial point of view because I am taking their happiness into account just because it matters to me and not because I realize that my happiness is worth the same as theirs. The transition from the individual seeking of happiness to the impartial point of view is not explained but imposed; the impartial spectator is something the theory is not able to generate from the model of action it presents. Even if we accept this imposition in order to establish the social maxim of the Greatest Happiness, there is still a problem regarding what Layard calls "private ethical decisions". At an individual level, it is less clear how his theory would justify that "*I* should also think about what would make the most difference to the welfare of others", for example, in choosing my career. Suppose that I despise physics but I am brilliant in the subject. Studying physics will cause me a great amount of pain but if do it I will come up with a theory that will make possible things that were not conceived as possible before. As a result, if I study physics I will produce a great amount of happiness in favour of millions of people of future generations. If my overall motivation and good in life is my own happiness, why would I study physics if it will produce *me* a great amount of pain? Layard would say that it is good that I study physics if the amount of happiness I will produce will outweigh my pain. However, his theory does not provide an answer to how am I to realize that I have to think about other's happiness.

In the second place, it is possible to argue that Layard's theory faces an internal inconsistency, i.e. the basic principles to which he is committed contradict themselves. Following Barrota (2008), three principles can be identified in Layard's theory: "(A) Happiness is represented by a single magnitude (monism). (B) Hedonism is coherent with an approach based on the first person standpoint and conversely rejects moral judgments coming from a third party (antipaternalism). (C) There exists an objective measurement of subjective happiness (physiologism)" (Barrotta 2008, p. 150). Yet another principle we have already seen in Layard's theory is that happiness is the overarching good of human beings. Principle (A) simply says what we have explained before about the content of happiness in the affective approach. There are some new elements in principle (B). The first one is the term "hedonism" which in Barrotta's paper is equivalent to what we have denominated affective approach to happiness. Hedonism in this sense refers to the conception of happiness as a feeling, particularly pleasure. Second, the first person standpoint means individuals are considered the best judges of their own happiness. Barrotta (2008, p. 152) argues that this is a characteristic held not only by hedonists but also by economists that use the survey approach. Then, principle (B) says that the affective or hedonistic approach to happiness is compatible with considering the individuals to be the best judges of their own happiness. Finally, principle (C) refers to the measurement of happiness as the difference between the electric activity in the left and right hand sides of the forebrain. Barrotta argues that these three principles, together with the one that holds that happiness is the overarching human goal, can be contradictory. In order to show this, he presents the following example:

> In the last period of his life, Freud was seriously sick. However, he refused to take any drugs, because he preferred to think clearly, though in very painful conditions. […] [I]t seems reasonable to suppose that neuroscience would have detected a *decrease* in Freud's pleasurable feelings, as a consequence of his decision not to take drugs. Should we conclude that Freud made the wrong choice, since his decision led him to experience a lower amount of happiness? (Barrotta 2008, p. 151).

Barrotta analyzes the possible answers to this question in order to show that at least one of the principles presented above should be abandoned in each possible answer. The only possible answers are to say that Freud was wrong or to say that he was right in his decision. The first answer will conflict with the first person standpoint if Freud said that he considered his decision to be

correct and that he is happy even though he experiences an increase of pain. Barrotta says that if we said to Freud that he is unhappy because of his decrease in his pleasurable feelings he could reply:

> "You should not consider only the level of my pleasurable feelings, but also my concern for such feelings. Namely, you should also consider how much I value them and how important they are in my life. As a matter of fact, I did not make the wrong choice. Rather you employ too narrow a definition of happiness" (Barrotta 2008, p. 152).

Is it reasonable to suppose that someone could reply in such a way? The first issue that emerges from this point has to do with the possibility of consciously acting against one's happiness understood in a hedonistic way. It would be possible to say, based on Layard's theory, that the example is not adequately built because what really happens in this case is that the pleasure experienced by Freud from thinking clearly outweighs the physical pains that the sickness involves. The only way to prove this in Layard's approach would be to measure Freud's brainwaves. Barrotta claims that even if the empirical evidence from Freud's brainwaves showed more pain than pleasure, Freud could still sincerely argue he is happy.

There are two reasons that support the validity of Freud's example. The first one has to do with the correlation between self-reported happiness and the physiological measure of happiness. Kahneman and Krueger (2006, p. 8) report "a statistically significant correlation of 0.30 between survey reports of life satisfaction and the left-right difference in brain activation". Though positive, the correlation is not as strong as the hedonists would like it to be, and this may be not only because people experience retrospective biases but also because, even if they know how they feel, it is not the only thing that matters to them when evaluating their own lives. The relatively weak correlation may have something to do with the fact that people take into account more things than their emotional states. The second argument for supporting the validity of Freud's example comes from neuroscience itself. Based on neuroscience's findings, Camerer et al. (2005, p. 27) say that it is not realistic to view pleasure as the goal of human behavior. People do not act consciously pursuing pleasure, rather they "set goals for themselves, monitor their progress toward those goals, and adjust behavior when they fall short of their goals" (2005, p. 27, n. 13). Then, in Freud's example his hypothetical reply seems plausible if we take happiness to be the overarching goal of human beings but not equivalent to pleasure. This would support that Freud's choice contributed to his happiness (broadly conceived as his overall goal) but not to his attainment of pleasant experience. If this situation is possible, saying that Freud made the wrong choice (understanding wrong as contrary to

his own happiness) would imply that he cannot be regarded as the best judge of his own happiness, and this is the abandonment of principle (B).

The second possible answer is that Freud made the right choice. Barrotta (2008, p. 152) says that this option is

> no better for hedonism [...] His answer is accepted, consistently with the idea that people are the best judges of their own good. However, at the same time hedonists insist that there was a decrease in Freud's happiness. This move would be disastrous for hedonism. Indeed, it implies that along with happiness there are other values in the evaluation of a good life. This leads hedonists to drop the idea that happiness is the sole and overarching purpose of human action.

In this case, the conflict will arise from holding at the same time principles (C) and (A) (monism and physiologism), and that happiness is the overarching good of human beings. Barrotta concludes from this analysis that Layard's theory is unsatisfactory because in situations like Freud's, its basic principles will conflict with each other. I agree with Barrotta's analysis of the tension between those principles. However, unlike Barrotta, I do not believe that Layard holds the first person standpoint. It is true that he explicitly rejects paternalism: "unless we can justify our goals by how people feel, there is a real danger of paternalism. We ought never to say: this is good for you, even though it will never make you or others feel better" (Layard 2005, p. 113). But is this sense of paternalism equivalent to Barrotta's? According to Barrotta, paternalism would be denying that the individuals are the best judges of their own happiness. On his turn, Layard understands paternalism as making value judgments about others without referring to their feelings, as the quote above shows. There are some fragments in his book, as well as in the literature of the affective approach to happiness –e.g. Kahneman and Krueger (2006)– that suggest that people are not always the best judges of their own happiness. This may happen both in retrospect, as in the presence of memory biases that do not allow people to recall their true affective experiences, and towards the future: "people are short-sighted and bad at forecasting their future feelings" (Layard 2005, p. 26). Barrotta is right in pointing out the incompatibility between the first person standpoint and the hedonist approach to happiness, although I disagree with him in saying that this is a principle to which those economists of happiness are really committed. Therefore, although the first person standpoint and Layard's concept of happiness are incompatible, this is not a source of contradiction in his theory since he does not embrace the former.

1.3 An alternative to hedonism

Barrotta believes in the first person standpoint, as well as other economists of happiness, and therefore he presents an alternative which, in his view, satisfies that principle –namely, the survey approach. Let me explain this alternative referring to Freud's example. Recall that Barrotta argued that saying that Freud made the right choice implies a conflict between the idea that happiness is the overarching good and the physiological affective approach to happiness. Barrotta argues that the solution lies in rejecting the concept of happiness as an affective mental state, which is a single dimension of experience and is physiologically measurable:

> Freud made the right choice. However, […] he made the right choice because we claim that his idea of happiness includes not only his mental state, but also his concern over his mental state, namely how he valued it. In this case we end up adhering to a pluralistic notion of happiness, since individuals may employ different values to assess their mental states, and such values are basic components of their subjective idea of happiness. (Barrotta 2008, p. 153)

In Freud's example, thinking clearly is not a means for achieving a positive affective state but something he pursued for its own sake. In this sense, it is not a means for his happiness but one of its components. According to Barrotta, this is an 'inclusive' notion of happiness because it includes elements valued by the individual that are not reducible to one single thing, particularly to emotions. The desire-satisfaction approach allows for the possibility of considering Freud as a happy man, since even though he experienced a decrease in terms of his pleasant experiences, he valued more thinking clearly.

Therefore, according to Barrotta, the survey approach to happiness satisfies 1) the first person standpoint; 2) the idea that happiness is the overarching human good; and 3) an inclusive or pluralistic notion of happiness. Barrotta (2008, p. 161) defends this conception of happiness "where personal values are included in the very subjective definition of a happy life". However, he claims that the validity of the individual response to the question about own happiness depends on being autonomous (Barrotta 2008, p. 159). Barrotta basically understands by autonomy that individual's values are not manipulated, for if they are, their self-assessment would be unreliable. Individual values have to be the result of the agent's free deliberation about what constitutes a happy life. Therefore, his proposal is to promote happiness indirectly, through the promotion and enforcement of individual autonomy (Barrotta 2008, p. 161).

However, it is important to point out that some economists of happiness that belong to the life-satisfaction approach do not impose any restriction to the validity of self-reports. Nonetheless, they do agree with Barrotta's claim that the affective or hedonistic approach is not satisfactory when happiness is taken to be the human overarching good (Diener et al. 2009, p. 8). Their approach follows strictly the first person standpoint: "People have well-being only when they believe that their life is going well, regardless of whether that life has pleasure, material comforts, a sense of meaning, or any other *objective* feature that has been specified as essential for well-being" (Diener et al. 2009, p. 11). Nonetheless, they agree with Barrotta in the sense that the overarching human good involves more than the individual's affective states:

> humans can pursue desires that are independent from –or at least more loosely connected to– the affect system. Thus, hedonism could be argued to neglect the uniqueness of humans. This uniqueness requires an assessment of human well-being that goes beyond affective responses because people may prefer outcomes that they believe are incompatible with the maximization of feelings of happiness and pleasure. (Diener et al. 2009, p. 18).

As it is evident from this passage, the authors use the word happiness in the hedonistic sense, and use the term well-being for what I have called the life-satisfaction approach to happiness. In the next section I will discuss both Barrotta's position and that of Diener et al. in the light of the eudaimonistic framework. I will refer to Barrotta's proposal as restricted life-satisfaction approach –because of his requirement of autonomy– and to the other one as unrestricted life-satisfaction approach.

At this point, it is possible to establish the common ground for engaging in a discussion with ancient theories of happiness. According to Annas (1993), the ancient framework was characterized by the insistence on the point that the reflection about happiness –a reflection that was the object of ethical theory– had to be carried out from the individual point of view, i.e. from the analysis of the agent's reflection about her life as a whole. However, neither Aristotle nor Seneca hold that happiness is subjective, understanding subjective as in the unrestricted life-satisfaction approach. Annas argues that ancient ethics is agent-centered, but, as we shall see, it is not any agent that is taken to be 'suited' for happiness. In this sense, ancient theories of happiness would be consistent with the first person standpoint, only in the sense that the analysis of happiness "is exclusively carried out from the viewpoint of the individuals themselves" (Barrotta 2008, p. 146), but not with

the first person standpoint formulated as individuals being the best judges of their own happiness. Failing to distinguish between those two meanings hinders us from seeing that the concepts of happiness compatible with the first sense demand objectivity. In Barrotta's case, the demand of objectivity arises from the need of an explanation of what it takes for an individual to be autonomous.

The discussion of these issues will have to wait until we examine the theories of Aristotle and Seneca. Some authors, for example Bruni and Porta (2007, p. xviii), think that the unrestricted desire-satisfaction approach to happiness is compatible especially with Aristotle's thought and in that way it is close to an eudaimonistic theory of happiness. After explaining the two ancient theories of happiness, I will argue that this is the result of a bad reception of eudaimonistic theories and that the important differences which have remained unnoticed to some economists are worth considering, for they would contribute to a better concept of happiness in the economics of happiness. I will also argue that Barrotta's position is closer to Aristotle than what he seems willing to admit. Finally, I will present some difficult cases of economists who misconceive the Aristotelian position which, in turn, obstructs our knowledge because it does not allow us to see the possible contribution that classical theories can make to the economics of happiness today.

SECTION II: THE EUDAIMONISTIC FRAMEWORK

In this section I present ancient theories of happiness in order to reveal some tensions within the economics of happiness. Aristotle's theory sheds light on the discussion within the life-satisfaction approach about the implications of establishing conditions for the reliability of an agent's judgment about his or her life. Seneca's objection shows that Aristotle's theory resembles the restricted life satisfaction approach. I present some aspects of these two eudaimonistic theories of happiness in order to show that the restricted life-satisfaction approach conflicts with the premise that individuals are the best judges of their own happiness. In the case of the unrestricted approach, the two ancient theories studied in this article allow me to argue that the unrestricted approach has difficulties establishing happiness as a normative concept as well as with the premise that the purpose of economics is the direct promotion of happiness.

2.1 Building the basic concept: Aristotle on the notion of the final good

Aristotle begins his *Nicomachean Ethics* saying that 'Every craft [*technē*] and every line of inquiry [*methodos*], and likewise every action [*praxis*] and decision [*proairesis*], seems to seek some good; that is why some people were right to describe the good as what everything seeks.' (*NE*[7] 1094a1-5). This opening fragment contains important elements for introducing the notion of the final good that according to Aristotle is called happiness. First, Aristotle draws an analogy between a craft or skill [*technē*] and investigation [*methodos*], on the one hand, and action [*praxis*] and decision [*proairesis*], on the other. The analogy is that every action and decision is end-directed resembling the way in which *technē* and *methodos* are. Aristotle identifies the notion of good in the quoted fragment with the idea of end, which is clear from the immediate examples he provides about the particular *technai* such as medicine, generalship, and household management, whose *ends* are health, victory and wealth respectively (*NE* 1094 a7–16). Aristotle argues that happiness is the final good and the end of human beings, and his way of proceeding is to determine first its formal conditions and then enquiring about its content.

Let me begin with the interpretation of *praxis* and *proairesis* based on the analysis of the analogy with *technē* and *methodos* in order to follow Aristotle's explanation of the formal conditions. Aristotle says that every skill [*technē*] seeks some end. In a particular skill, the object of inquiry is the end which is sought by that skill and the *methodos* is the way in which that inquiry or search is carried out. The analogy can be interpreted as saying that *technē* is to *methodos* as action is to decision. This would mean, in the first place, that the concept of action does not include unintended or pointless actions, because by definition they do not seek any end. The analogy also suggests that actions are understood as actions involving decision [*proairesis*]. Broadie (2002, p. 42) says that Aristotle develops the concept of *proairesis* in two directions, both involving the idea of practical immediacy. It is used in one sense as an 'all-things considered judgement of what to do' (Broadie 2002, p. 42), and therefore as a decision on the best path of action. The second general direction in which the concept is developed is *undertaking,* which has practical immediacy for it is a practical project to which the agent is committed. The practical project or undertaking arises as a path of action oriented to some end, and the way through which the agent arrives to that

[7] I will use *NE* as an abbreviation for *Nicomachean Ethics.* I will refer to Irwin's (1999) translation, unless otherwise stated.

undertaking is deliberation. The important point is that the distinctive characteristic of decision is that it involves rational reflection (deliberation) for choosing between alternatives that promote an end:

> [A] human being would seem to be a principle of action. Deliberation is about the actions he can do, and actions are for the sake of other things; hence we deliberate about things that promote an end, not about the end. (*NE* 1112b 32-35)

Aristotle considers that the end is not an object of deliberation because the end is object of wish (*NE 1113 b 2*). But if deliberation is a rational activity, does it follow that no rational reflection applies to the final end? No, as Broadie (2002, p. 45) suggests, Aristotle

> cannot mean by this that we rational animals do or should endorse our ends in life without thoughtful consideration, since thoughtful consideration is exactly what he asks for in encouraging his audience to follow an inquiry about the highest end of all.

Rational reflection about the end is precisely the philosophical activity called ethics, through which we are able to examine the different positions and opinions about the nature of the final end and to determine their plausibility. Then, deliberation is conceived as a *type* of rational activity which has a means-end structure and is constitutive of decision. The above considerations show that the notion of end is related to the general model of action Aristotle has in mind, which consists in "choice [*proairesis*] as necessary for proper action, and choice requiring deliberation" (Annas 1993, p. 30). Then, the pursuit of happiness, our human final end, requires both rational reflection about happiness itself and also an adequate instrumental rationality for distinguishing what promotes it. This model of action contrasts both with the hedonist and the unrestricted life-satisfaction approach, in the sense that rational reflection about happiness is not required for its pursuit. Hedonists like Layard or Kahneman would say that in order to be happy it is enough to be in a positive affective state, whether or not the individual has reflected about the value of being in such a state. On the other hand, the unrestricted life-satisfaction approach holds that in order to say that someone is happy, it is enough that the person considers herself to be so. However, this judgment does not necessarily come from the agent's reflection about what it means for her to have a happy life[8].

[8] After discussing the concept of practical wisdom or prudence I will argue that Aristotle's model of action resembles the restricted life-satisfaction approach in some important aspects. This allow me to show why this approach conflicts with saying that individuals are the best judges of their own happiness.

The analogy introduced in the opening fragment of the *Nicomachean Ethics* also says that actions and decisions seem to seek *some* good, but also that *the* good is "what everything seeks" (*NE* 1094a5). This suggests that even though there is a diversity of goods, it is possible to state that there is an overarching one in terms of which actions and decisions are structured. Therefore, the question is whether there is a single end or a multiplicity of ends (*NE* 1097a22). Aristotle observes that, although there are several goods, it is possible to distinguish that they are ordered in a hierarchical fashion. This means that some goods are sought for the sake of something else, and in this sense they are not final. In order to structure coherently our practical decisions we should reflect not only about the immediate ends but we have to assume a wider perspective to set up our actions. In this context, Aristotle asks what would be the formal characteristics of the final good if it exists: the first one is *completeness* and the second one is *self-sufficiency.*

2.1.1 Completeness

Following Annas (1993, p. 40), completeness includes two aspects: finality and comprehensiveness. The former means that the final end stops desire or, in other words, the final end has to be wished just for the sake of it (*NE 1094 a 18-21*). If we pursued everything for the sake of something else, without having a final aim that stops the sequence, our desire would lack of object. However, someone might reply that there are several things in life that we wish for because of themselves –as, for example, having a successful career or having a pleasant life. Why then should there be a unique aim at which our actions are directed? This is precisely where the second aspect of completeness comes into play. This feature of the final good is essential for adequately understanding the hierarchical structure of the ends in Aristotle, and it should be carefully explained in order to avoid misunderstandings. Aristotle is not stating that everything except the final good has an instrumental value. This interpretation would be plausible taking only into account the characteristic of finality that was presented above. In fact, Layard (2005, p. 113) recognizes that happiness is final in the sense that we cannot give a further reason for valuing it, and every other good (health, liberty, etc.) has an instrumental value. Aristotle would have to agree with Layard only if it is not possible to wish some good for the sake of the final end *and also* for the sake of itself. Aristotle admits that there are things that we value because of themselves and also because they contribute to happiness (the final good), and that is the vital nuance expressed by the concept of comprehensiveness, which in turn leads to the acceptance of degrees of finality. Happiness is the

most final end, but this in no way eliminates the possibility that there be other final goods (though in a "smaller degree" of finality). As Ackrill puts it:

> one can answer such a question as "Why do you seek pleasure?" by saying that you see it and seek it as an element in the most desirable sort of life; but one cannot answer or be expected to answer the question "Why do you seek the most desirable sort of life?" (Ackrill, 1980, p. 21)

Another way to understand this is through the distinction between the means for the final end and the components of the final end: the first ones have only instrumental value, while the second ones do not, insofar as they are present in the definition of happiness. Then, the completeness of the chief good demands both that it stops desire (and therefore provides unity and structure to our practical projects) *and also* that it includes the ends valued for their own sake. Notice that the notion of comprehensiveness entails the idea that those goods are incommensurable, and this is one of the sharpest contrasts with the so called 'hedonist approaches' (as Layard's) of the economists of happiness. If they were in fact reducible, comprehensiveness would be an unnecessary concept because we would be able to say that those goods are valuable only because they possess the property that all goods share in common. The basic point here is not to confuse the classical framework with the ethical monism present in the hedonist approach which assumes that all things we value share a common characteristic (i.e. that they produce pleasure) for the sake of which we value them. Hence, the function of the final good is not playing the role of such a property, but unifying the structure of the agent's life by providing a coherent path for his deliberated actions. Both life-satisfaction approaches would agree with Aristotle on this point, as I have shown in the first section. What individuals value is not reducible to an affective state such as pleasure, and therefore the notion of happiness has to take into account those other things that matter to the agents in their definition of happiness. Comprehensiveness gives Aristotle's theory what Barrotta (2008) calls an inclusive character, in opposition to the monist conception of happiness in the hedonistic approach.

2.1.2 Self-sufficiency

The second formal characteristic of the final good in Aristotle's theory is self-sufficiency[9]:

> The 'self-sufficient' we posit as being what in isolation makes life desirable and lacking in nothing, and we think that happiness is like this –and moreover most desirable of all things, it not being counted with other goods: clearly, if it *were* so counted in with the least of other goods, we would think it more desirable, for what is added becomes an extra quantity of goods, and the larger amount of goods is always more desirable. (*NE* 1097b14-21)[10]

The first important element to underline here is that self-sufficiency implies comprehensiveness, for an agent's life would not be lacking in nothing unless it contains all the (subordinate) goods he or she has reason to value (Annas, 1993, p. 41). If every practical project is undertaken towards the chief good, it is necessary to conceive the happy person as wishing nothing more, but it is not enough for the chief good to stop desire; it has to do so in a comprehensive fashion without leaving out any of the subordinate ends.

There is another idea to be emphasized: when Aristotle affirms that the final good cannot be counted with the other goods, he is making the claim that it has a distinct nature. This problem is linked to quantity. It is very common to think that more of one good is better than less. The basic assumption we have to make in order to state this is that a greater quantity of the good *x* has the same quality which makes *x* a good but in a higher degree, and this is precisely what makes a greater quantity more valuable. This position is evident in the hedonist approach: since happiness corresponds to a pleasant state of mind, and since such state has different degrees, it makes sense to talk about levels of happiness. On the contrary, Aristotle claims that if we want to maintain the condition of finality, and also hold that the different goods included or comprehended by it are not reducible to a single kind nor do they share a common quality, then eudaimonia cannot be a quantitative notion. Thus, the difference with the hedonistic approach in the economics of happiness lies not in the finality condition (saying that happiness is not sought for an ulterior reason) but in the fact that Aristotle argues that the different goods included in the idea of happiness are not reducible to pleasure and cannot be measured or compared, which leads to the claim that the hedonist approach would not be an adequate characterization of the overarching human good[11]. The formal

[9] Annas (1993, p. 41) says: 'Perhaps it is slightly odd to call a final good self-sufficient; Aristotle's discussion certainly suggests that the natural application of the term is to a person's life rather than to a person's final good'.
[10] I use Rowe's (2002) translation of this passage.
[11] The case of the life-satisfaction approaches will be discussed after presenting Seneca's objection to Aristotle's theory.

conditions of self-sufficiency and comprehensiveness imply the rejection of an additive conception of happiness. Happiness, conceived as the final good, cannot be something which increases by adding things to it.

To sum up, Aristotle states that the final good: 1) is the ultimate object of desire; 2) contains the subordinate ends, including those that are not merely instrumental but have intrinsic value, and therefore makes the agent's life lacking in nothing; 3) is based on (or deduced from) the structure of deliberated actions; and 4) refers to the agent's life as a whole. Notice that the final good is not hitherto linked to any particular content, but it is a *formal* concept. Completeness and self-sufficiency link happiness to the agent's reflection about his life as a whole, not with any feeling or emotion be it pleasure or anything else. Indeed, the construction of the concept requires that the agent be able to reach a global perspective about her life. This perspective implies that it does not make sense to apply the ancient notion of happiness to episodes in human life. Moreover, under this perspective the question about happiness turns out to be, from the agent's point of view, the question about the kind of life she wants to have and the kind of person she wants to be. Note that it is a question with no given answer; it is just a broad notion which structures the agent's deliberations but does not ascribe any particular content to happiness. According to Annas (1993, p. 38), "[t]he final end is not unlike the modern notion of a life-plan, the idea that all my activities make sense and are ordered within an overall plan for my entire life". This idea is compatible with the restricted life-satisfaction approach, in the sense that the things the agent's values must come from his autonomous reflection about what matters to him. On the contrary, neither the unrestricted approach nor hedonism requires that the agent assumes a reflective attitude towards his whole life, and orders his priorities based on that reflection. It may be argued that the agents under the hedonist approach do not thoughtlessly pursue present pleasures, but sometimes they may avoid present happiness in order to achieve a higher overall level in the future. Therefore, it is possible to say that a hedonist agent has a life-plan which consists in the maximization of positive affective states during his entire life. Notice, however, that this corresponds to the calculation of the best way of attaining that end, but not to the reflection about the end itself. On the contrary, under an Aristotelian approach, the life plan has to be something on which the agent reflects. In the case of the unrestricted life-satisfaction approach, an agent may consider himself happy without having stopped to think about what that is.

Having compared Aristotle's formal conditions with the notions of happiness in contemporary economic literature it is possible to see important differences and points that seem to have received little attention in the economics of happiness but which prove to be definitive in building a coherent guiding concept. If happiness is conceived as the final good it seems important to reflect upon how the agent comes to this conclusion, and upon which conditions have to be considered in order to understand such final good. In particular, the idea of a final good as comprehensive and self-sufficient seems problematic for some approaches in the economics of happiness that present this final good as public policy goal: how are we to promote its achievement? Are we to concentrate on the conditions that allow individuals to achieve it or on the good itself, which up to now has no content? What happens if the agents reach the final goal? In other words, Aristotle makes us aware of the difficulties of posing happiness as the object of economics. But, as we shall see in the next section, these are not the only difficulties the economics of happiness faces.

SECTION III: THE ANCIENT CONTROVERSY ABOUT THE CONTENT OF HAPPINESS

In this section I present the content that Aristotle attributes to happiness and subsequently I discuss Seneca's objection to his theory. Seneca's objection reveals a tension in Aristotle's theory between the formal constraints and the content of happiness which has remained unnoticed for those economists of happiness which supposedly follow an Aristotelian tradition. Another important point is the problem of the compatibility of an Aristotelian approach and the first-person standpoint; an inconsistency that can be found in the restricted life-satisfaction.

Let me begin presenting what Aristotle and Seneca said about the content of happiness. In the first place, Aristotle defines happiness as 'activity in accord with virtue' (*NE* 1098b31); Seneca holds that happiness and virtue are equivalent. Notice that both definitions of happiness include the word 'virtue'. Therefore, it is convenient to introduce the ancient concept of virtue in order to understand why it was so important for these philosophers. The debate about the value of virtue *vis-à-vis* the value of other things will be the central point that will allow me to introduce the relationship between Aristotle's theory and the life-satisfaction approaches. Seneca's position is useful not only to integrate Aristotle in the debate within the life-satisfaction approach, but also to show an alternative within the eudaimonistic framework. To my knowledge, when economists of

happiness refer to eudaimonistic theories they only refer to Aristotelian versions. If eudaimonistic theories are recognized as important (see, for example, Bruni & Porta (2007)), it is useful for economists to explore the different possibilities that the ancient framework has to offer[12].

3.1 Aristotle: the link between happiness and virtue

In this section I discuss Aristotle's so-called 'comprehensive' or 'inclusive' view of happiness[13] because, first, it is the most common interpretation of Aristotle among economists of happiness and their critics, and therefore this interpretation allows showing how Aristotelian are the allegedly Aristotelian approaches in this field; and, second, I present Seneca's theory as the alternative that emphasizes on the rational life.

After presenting the formal conditions of happiness, those of self-sufficiency and completeness, Aristotle says:

> But presumably the remark that the best good is happiness is apparently something [generally] agreed, and we still need a clearer statement of what the best good is. Perhaps, then, we shall find this if we first grasp the function of human beings. For just as the good, i.e. [doing] well, for a flautist, a sculptor, and every craftsman, and, in general, for whatever has a function and [characteristic] action, seems to depend on its function, the same seems to be true for a human being, if a human being has some function. (NE 1097b 23-29)

Aristotle in this passage is stating that when we evaluate something as good of its kind, we refer to its function in order to make that judgement. Where does virtue come into play? The Greek word '*aretē*' stands both for 'excellence' and 'virtue'. *Aretē* is the excellent accomplishment of the characteristic activity or function. Aristotle asks if such a characteristic function can be established in the case of humans, and therefore he asks what distinguishes human beings from other living beings. He says that the function of human beings is a "kind of life" (*NE* 1098 a 13). This is related with the idea explained in the previous section about the implication of happiness as a concept referred to the agent's life as a whole. I argued that the question about what happiness is turned out to be a question about the kind of person the agent wants to be and the kind of life he or she wants to live; a question that does not refer to a particular episode of life. However, does this mean that

[12] See Annas (1993), for a very wide exposition of the alternatives within ancient theories of happiness.

[13] One of the most widely discussed subjects about the *Nicomachean Ethics* is the compatibility of book X with the rest of the Ethics. In that book Aristotle argues that happiness is equivalent to rational contemplation. Some argue that this contradicts his views in the first nine books, others provide arguments to show that they are compatible (Irwin 2007, p. 152). It would be well beyond the scope of this paper to provide an adequate explanation of this problem and to take a position on the matter.

we should live a specific way of life in order to be happy? Actually, this is not Aristotle's intention; instead he says that the final good for a human being is not a 'thing', for example money, but a life, because his general function is to live. However, it is more specific than just a life, it is the life *of a human being* and this is why it is a rational life insofar as humans are rational. Therefore, "the function of a human being is activity of the soul in accordance with reason, or not apart from reason" (*NE* 1098a 8). Having established the general function of human beings, and having stated that "each function is completed well by being completed in a way in accord with the virtue [*arete*] proper to that kind of thing" (*NE* 1098 a 16-18), it follows that the human good is a rational life in accord with virtue.

The function argument enables Aristotle to link happiness to *aretē*. Happiness, as a concept referred to the agent's life as a whole, is defined as living excellently or in accordance with excellence, and this excellence is the excellence proper to a human being (*NE* 1102a 13). Thus, in order to understand happiness we must understand virtue. As Aristotle says: "Since happiness is a certain sort of activity in accord with complete virtue, we must examine virtue; for that will perhaps also be a way to study happiness better" (*NE* 1102a 5-8).

3.2 Aristotle: virtue is necessary but not sufficient for happiness

Aristotle begins his enquiry about the nature of *aretē* by distinguishing three kinds of things that occur in the soul: affections, capacities and dispositions (*NE* 1105b 20). Based on his theory of the soul, this enumeration is exhaustive. This means that virtue has to be either an affection, a capacity, or a disposition. Aristotle starts enquiring if virtues are affections. He says that affections are "feelings attended by pleasure or pain" (*NE* 1105b 20) such as anger or joy. He argues that virtues cannot be affections since

> we are neither praised nor blamed insofar as we have feelings; for we do not praise the angry or the frightened person, and do not blame the person who is simply angry, but only the person who is angry in a particular way. We are praised or blamed, however, insofar as we have virtues or vices. (*NE* 1105b33)

Two important elements come from this argument. In the first place, Aristotle links the concept of *aretē* to blameworthiness and praiseworthiness. This shows that when he is talking about the human *aretai* he is interested in *virtue,* not in the excellences in general, for he links *aretē* with moral

assessment (Annas 1993, p. 49). It is possible to say that being beautiful, for example, is an excellence of the body but it would not make sense to blame anyone for not being beautiful (Annas 1993, p. 129)[14]. The second important element is that, although virtue is not a feeling, feelings are related to virtue, for we blame someone who is angry *in a particular way*. Aristotle advances that a virtue is accompanied by a pleasurable feeling (*NE* 1104 b5-9), and says that it is necessary that the virtuous agent does not struggle with his feelings when performing the virtuous action; if he does, he will not be virtuous but self-controlled: "someone who does not enjoy fine actions is not good" (*NE* 1099a 17-19). Therefore, virtue requires a harmony between the judgment of what the right thing to do is and the agent's feelings. Notice that pleasure is not taken to be a *motivation* of virtuous action but a characteristic of its performance (Frede 2006, p. 259). This is also a consequence of another condition of virtue, namely, that the agent must choose virtue for its own sake. He also states that "we are angry and afraid without decision; but the virtues are decisions of some kind, or rather require decision" (*NE* 1106a 3-5). In the previous section we saw that decision requires deliberation, so this excludes the possibility that the virtues are mechanical or unreflective dispositions to perform certain actions.

Aristotle proceeds to examine if virtues are capacities. He says that "virtues are not capacities either; for we are neither called good nor called bad, nor are we praised or blamed, insofar as we are simply capable of feelings. Further, while we have capacities by nature, we do not become good or bad by nature" (*NE* 1106 a 8-12). Then, a virtue is not a matter of temperament or a certain inclination to have certain feelings. Rejecting the idea of virtue as some kind of temperament is also a consequence of the previous argument in which he said that virtue requires decision and therefore deliberation. Virtue is more than just a character-trait that we have from birth. If we are not virtuous by nature, then virtues must somehow be developed, and this entails, as we shall see, both reflection and habituation. If virtues are neither affections nor capacities, Aristotle concludes that virtues are dispositions. What type of disposition is virtue? He defines virtue as a "disposition involving decision" (*NE* 1107a 1) and therefore involving deliberation. Furthermore, the virtuous agent "must know that he is doing virtuous actions; second, he must decide on them, and decide on them from themselves; and, third, he must also do them from a firm and unchanging state" (*NE* 1105a31 – b1). Until now, several aspects have appeared in Aristotle's

[14] I am referring to the excellences or virtues of character, not to the intellectual ones. The only intellectual virtue with which we will be dealing is *phronēsis* or practical wisdom.

argument for showing that virtue is a state or disposition. These elements are: 1) virtues are dispositions that make the agent worthy of praise; 2) the agent must take pleasure in virtue; 3) virtue requires development both through habituation and reflection; 4) virtue requires deliberative choice or decision and knowing that one is performing a virtuous action; and 5) virtue is a firm or unchanging disposition. Annas (1993, pp. 48 - 49) has classified this elements in saying that virtues are dispositional and have both an affective and an intellectual aspect.

3.3 Prudence or practical wisdom

Aristotle establishes an analogy between acquiring a virtue and learning a skill or craft: "Virtues [...] we acquire, just as we acquire crafts, by having first activated them [...] We become builders, for instance, by building [...] Similarly, then, we become just by doing just actions" (*NE* 1103a30 – b1). The skill analogy will allow us to explain the role of habituation and the intellectual aspect of virtue, leading to the role of prudence or practical wisdom in the pursuit of the final good. The process of learning a skill requires practice and imitation, but then it has to move to the level of understanding. Annas explains this process as follows:

> if he [the student of a skill] is intelligent he does not remain stuck at the stage of depending on models for each new case of memorizing a list of cases and dealing with each new one by comparing it with past ones. Rather, he develops a sense of the *point* of doing these specific things, and when he grasps this he has a sense of the basis of these previous judgments, which will enable him to go on to fresh cases without mechanically referring back (Annas 1993, p. 67).

Based on her interpretation, the skill analogy says that being virtuous requires an understanding of the point of being virtuous and not just copying people who we regard as generous, just or brave. Again, this is connected with the affective aspect of virtue. The habituation of the agent's feelings is enforced by his rational reflection about the value of virtue and his understanding of the point of being virtuous. The skill analogy also introduces the idea of habit in the sense that to consider someone as generous it is not enough that he sporadically acts in a generous way. It has to be a repeated pattern of actions and in this way it is a habit. But again, if virtue requires decision and deliberation, it cannot be a mechanical habit of acting always in a particular way. "The virtues are *rational* states, since virtue is a habit of acting on reasons. However stable, the virtues bring it about that the agent acts rationally, not unthinkingly or mechanically" (Annas 1993, p. 51). What enables the agent to determine what to do in particular circumstances is an intellectual virtue called

phronēsis which is usually translated as 'practical wisdom' or 'prudence'. According to Annas (1993, p. 73), *phronēsis* is, in general, "the disposition to make right moral judgments". In the following passage Aristotle establishes the characteristics of prudence or practical wisdom:

> Unqualifiedly good deliberation is the sort that correctly promotes the unqualified end [i.e., the highest good], while the limited sort that correctly promotes some limited end. If, then, having deliberated well is proper to a prudent person, good deliberation will be the type of correctness that accords with what is expedient for promoting the end about which prudence is true supposition. (NE 1142b 29-35)

There are two important elements involved in the concept of practical wisdom or prudence. First, the fact that the agent's deliberations in a particular case involve her reflection about the final good makes it clear that all virtues are related. The reason is that every virtue should be referred to the final good and the prudent person's judgment in a particular case reflects not only the considerations about what a particular virtue requires but also about his final good. If the same holds for every virtue, then what happens is that the agent cannot have one virtue independently of the others. This is why Aristotle says that "one has all the virtues if and only if one has prudence" (*NE* 1145a 2). The implication of this thesis is that two different virtues (for example, generosity and justice) do not lead to conflicts in particular cases. Then, the deliberative capacity in the case of the prudent person is linked to identifying what the particular situation demands in terms of the virtues. But another element is present in the reasoning of the prudent agent: he assigns the proper weight to each virtue taking into account how they contribute to happiness, that is, to his overall good or final end. If the agent fails to grasp correctly the end, then he cannot be considered a practically wise or prudent person even though he has the capacity of choosing the best means to promote his particular end. Aristotle would say that this person fails to see what it is convenient for him *as a rational human being,* and therefore his deliberation would not lead him to happiness (understood as the complete life of a rational being in accordance with virtue) and would not make him virtuous. Therefore, when Annas (1993, p. 78) says that virtues reflect the unqualifiedly good deliberation of an agent about *his* final good, she is not referring to any kind of agent: it is an agent who correctly conceives himself *as a rational human being* and understands what is good for him as such and not as a particular individual. Aristotle would not accept that what is good for human beings, i.e., happiness, is relative to each individual:

> For those who say the good is wished, it follows that what someone wishes if he chooses incorrectly is not wished at all. For if it is wished, then [on this view] it is good; but what he

> wishes is in fact bad, if it turns out that way. But for those who say the apparent good is wished, it follows nothing is wished by nature. Rather, for each person what is wished is what seems good; but different things, and indeed, contrary things […] appear good to different people. (*NE* 1113a 16-23).

Aristotle says that neither of the two answers is satisfactory and therefore he proceeds to define the good as "the object of wish of the person of virtue" (*NE 1113 a 25*). Based on what we have said so far, it is possible to find the following relations: an agent has all the virtues if and only if he has practical wisdom and having practical wisdom requires having a correct grasp of the final good. Therefore, one is fully virtuous if and only if one has a correct grasp of the final good (happiness), but the final good is defined as the object of wish of the virtuous person. If happiness is the activity of the soul in accordance with virtue, then virtue is a necessary condition for happiness. Therefore, I need to be virtuous in order to achieve my final good, but I need to have a grasp of my final good in order to be virtuous. Stated this way, the argument certainly seems circular; in order to see how the argument works it is important to explain what Aristotle means with the 'grasp' of the final good. Is it just a non-rational intuition about what the good is? Irwin (2007, p. 175) says that the role of prudence or practical wisdom is to deliberate about the components of happiness, and the virtues are one of these components. "To see the implications of Aristotle's conditions for happiness is to discover the components of happiness; and this discovery results from the deliberation that goes on in the treatise as a whole [i.e. the *Nicomachean Ethics*]" (Irwin 2007, p. 176). According to Irwin's interpretation, to have a correct grasp of the end is to see why the final good has to meet the formal conditions of self-sufficiency and completeness. The process of grasping those formal conditions is a rational process and practical wisdom allows us to specify the content of happiness through deliberation. If the agent is unable to see that the final good should satisfy the formal conditions, his deliberation about the components of happiness will be misguided, and since the virtues are a component of happiness, he would not be able to understand what virtue is and therefore he would not be virtuous. Then, virtues have to be understood as the specification of the content of happiness because they are related to questions about what kind of character I want to have and what kind of person I want to be. Insofar as the virtues (justice, bravery, and so on) provide an answer to that question, they are giving the agent part of the content of his final good. This is why practical wisdom involves not only a problem-solving capacity for dealing with concrete situations, as Annas (1993, p. 74) puts it, but also a grasp of the final good (correctly conceived).

> It seems proper to a prudent person to be able to deliberate finely about things that are good and beneficial for himself, not about some restricted area –about what sort of things promote health or strength, for instance– but about what sorts of things promote living well in general. (*EN* 1140a 26-29)

Therefore, the prudent person is able to use her reason to see, as Irwin (2007) says, the implications of the formal conditions of happiness and deliberatively discern its components. To sum up, for Aristotle the virtues are stable dispositions to do the right thing, which have an intellectual and an affective component built through habituation and a process of rational reflection about what constitutes the happy life.

Based on the concept of practical wisdom, it is possible to establish a strong similarity with Barrotta's (2008) approach that exemplifies what I have called the restricted life-satisfaction approach. The introduction of autonomy as a necessary condition for the reliability of an agent's judgment about her life implies that only autonomous agents can be considered as good judges of their own happiness. The reason for this, according to Barrotta, is that only autonomous agents are able to set up freely and rationally their preferences. Barrotta (2008, p. 160) quotes Mill to support his argument: "He who chooses his plan for himself, employs all his faculties. He must use observation to see, reasoning and judgment to foresee, activity to gather materials for decision, discrimination to decide, and when he has decided, firmness and self-control to hold to his deliberate decision". The elements required by Mill for an adequate election of a life plan are not far from what the concept of practical wisdom entails in Aristotle's theory. Principally, I want to point out that Barrotta's position necessarily pulls his theory towards an objective conception of happiness, not in the sense that there is a defined list of things that happiness requires, but in the sense that there are necessary conditions for an agent to be happy *as a human being*. This is evident from another fragment of Mill's *On Liberty* quoted by Barrotta which says that, without autonomy, the election of a life plan would be nothing more than "ape-like imitation". Then, the agent is required at least to recognize the value of autonomously reflecting about his life. Contrary to what Barrotta claims, this is not compatible with the first person standpoint in the sense it is understood by the economists that belong to the unrestricted life-satisfaction approach (i.e. that individuals, without restriction, are the best judges of their own happiness). His approach, as well as Aristotle's, is compatible with the first person standpoint only in the sense that the analysis of happiness is carried out from the point of view of the agent, although it is not any kind of agent. Barrotta (2008,

p. 156) says that his difference with Aristotle arises basically because the Greek philosopher "looked for an objective standard, peculiar to the human being as such, and claimed that a happy life must come as close as possible to this ideal". It is true that Aristotle has many substantive claims about the content of happiness which we may not agree with. However, the account presented here introduces a degree of objectivity without establishing a specific way of life. In any case, Barrotta seems not to realize that the idea that happiness is "peculiar to the human being as such" is also implied in Mill's account. Without autonomy, the agent would be following literally a non-human or ape-like end.

On the other hand, the unrestricted life-satisfaction approach, as we have seen, does not impose any condition on the reliability of self reported happiness. Annas (2004, p. 46) says that

> One thing that the desire-satisfaction account disables us from doing is making judgments about the happiness of people whose desires are in obvious ways defective. Notoriously, some desires are based on radically faulty information or reasoning. Some desires are unresponsive to the agent's reasoning powers because of the force of addiction or obsession. At a deeper level, some desires are themselves deformed by social pressures. Girls who desire less for themselves than for their brothers, poor people who see desire for self-betterment as unimaginable –these are just two of many kinds of desires that are open to criticism, despite being honestly expressed and open to modification in the light of reason and information, because they spring from the internalization of ideas that deny the agents themselves proper respect.

An economist might reply that although we feel we should do something about those preferences we consider defective, it is more important to stick to the first person standpoint. Some economists might say that those judgments are dangerous because they threaten individual freedom, which is a basic tenet for many schools of economic thought. In fact, the importance of the first person standpoint in the discussion within the economics of happiness shows that this is a principle that those economists are not easily abandoning, and this is one of the most attractive features of the unrestricted life satisfaction approach. However, Annas has a strong point: if happiness is completely relative, it is not easy to see how this concept may have the normative role those economists attempt to attribute it. Also it is hard to understand that happiness should be promoted directly. This approach, in which happiness is similar to utility (in the rational choice theory sense), has led many economists to hold that the purpose of economics is to provide the material conditions that allow people to pursue their own subjective idea of happiness, and this is to promote happiness indirectly. Thus, the unrestricted life satisfaction approach reveals the following difficulties: 1) it is

not clear how happiness, as a completely relative concept, is something that economics should directly promote, and 2) the value of their concept of happiness as a normative concept is dubious, since the "overarching *human* good" is nothing more than what each individual prefers. If this is the normative concept, how would it work, for example, to solve a conflict between contrary preferences of different individuals?

3.4 Prudence and pleasure

This presentation of happiness as the life of a virtuous individual also leads to another important point for the economics of happiness: the relationship between happiness and pleasure. The question here is: what impedes an agent to have a correct grasp of happiness and, as a consequence, hinders his becoming virtuous? Aristotle says that "most people are deceived, and the deception seems to come about because of pleasure; for it appears a good thing when it is not. So they choose what is pleasant as something good, and they avoid pain as something bad" (*NE* 1113a35 – b2). In the light of what we have said so far, Aristotle here is saying that taking pleasure in the wrong things obstructs the agent in his process of rational reflection about his life as a whole. Pleasure is a necessary condition for virtue, since an agent is not virtuous unless she takes pleasure in doing virtuous actions, but this pleasure must be linked to the agent's appreciation of the rightness of virtuous actions:

> the pleasure belonging to a worthwhile activity is good, while that related to a worthless one is bad; for appetites, too, are praiseworthy when they are for fine things, and worthy of censure when they are for shameful things (*NE* 1175b25).

This leads to what Broadie (2002) calls the good pleasures in an unqualified sense and those in a qualified sense; the former are "true" pleasures, i.e. they could be classified as pleasures without restriction, and correspond to the pleasures related to the actions that a good person would do. The other ones are "false" pleasures (or pleasures in a secondary sense), the ones that are pleasant *for* someone in a given circumstance although they are associated to a reproachable action (*NE* 1099a 13). This reinforces the important role of habituation in the sense that in order to be virtuous the agent has to train his feelings to take pleasure in the right things and despise the wrong ones. If one fails to take pleasure in the right kind of activities (virtuous activities) one will be constantly misled by pleasure. Aristotle recognizes that true pleasure is a good, but unlike the hedonists, like Layard,

he does not identify pleasure with happiness since pleasure is associated to activities and activities differ in kind.

This shows that the affective component of virtue should be directed or guided by reason, by the agent's rational reflection about the value of virtue. Moreover, the lack of the appropriate feeling is a *sign* of the agent's not fully virtuous disposition insofar as not taking pleasure in virtuous action may reveal that the agent has not fully realized that virtues are to be sought for their own sake. Based on this, it is possible to say that the affective and intellectual aspects of happiness are interrelated, and in this interrelation the intellectual aspect has priority in the sense that the training of his feelings has to be directed by the agent's rational reflection about his final good. However, Aristotle recognizes that taking pleasure in virtuous activity has some motivational force. It is true he says that virtues are to be sought for their own sake but he also says that pleasure "re-triggers" the practise of the virtues and contributes to their improvement:

> For the activity's own pleasure contributes to increasing the activity. It is those who are active and take pleasure in it that are more discriminating and precise in relation to a given subject, e.g. those who delight in geometry are the ones who become experts in geometry, and are always more able to see things [...] (*NE* 1175a30).

Therefore, the role of pleasure in virtuous action does not only have to do with the distinction between the fully virtuous and the self-controlled. Pleasure also contributes to the perfection of moral life in the sense that having the right feelings towards the right things motivates the agent in continuing that sort of life. The relationship between virtue and pleasure shows that Aristotle does not try to eradicate pleasure, but he does not identify happiness and pleasure and does not think that any pleasure is good.

It is possible to see here a radical difference with the hedonist approach in the economics of happiness. Aristotle gives pleasure an important place in happiness but he clearly does not think that happiness is equivalent to pleasure. Contrary to Layard, he argues that not every pleasure is good and that taking pleasure in the wrong things may lead to the opposite direction of happiness, since it obstructs in the agent the development of virtue. Based on this, Layard's discussion of Aristotle's theory is unsatisfactory because he argues that "Aristotelian" happiness is called flow-experience, and it is just one particular good emotion produced when somebody enjoys and looses himself in an intellectual activity (e.g., the pleasure reading a good book). Therefore, Layard

believes that Aristotle's theory is just a particular case of his own, because it only recognizes one of the many possible sources of happiness. The problem with this interpretation should be very clear by now: Layard uses the word happiness as a pleasant affective state, which is not the sense Aristotle gives it.

Another example of this sort of confusion comes from Oishi and Koo's (2008) argument presented in section 1.2. These authors suggest that there is one relevant and innovative question about happiness that almost nobody has addressed: what are the consequences of happiness? They say that this question was not raised before because it was taken for granted that happiness is the overarching human good and, therefore, we did not care about its consequences. The reason for this, they claim, is that Aristotle, among others, convincingly argued that happiness is such good. They consider their question is relevant because "if happiness harms us in some ways, the normative analysis on happiness becomes irrelevant in real life as the ultimate goal" (Oishi & Koo 2008, p. 292). However they do not analyze the consequences of happiness according to Aristotle's definition. They use "cheerfulness" as a measurement of happiness (Oishi & Koo 2008, p. 298), and estimate its correlation with other variables such as income, health and education. As we have seen, it does not make any sense to assume that Aristotle was talking about cheerfulness when he stated that happiness is the final human good. This type of statements is very misleading because they do not allow us to see Aristotle's theory as an alternative which emphasizes on other elements different from feelings.

3.5 Virtue and happiness

Another important question in Aristotle's theory is whether or not virtue is sufficient for happiness. As I said before, this would be the central point of the debate with Seneca, whose objection will allow us to establish the relationship between Aristotle and the life-satisfaction approaches. Virtues are dispositions or states, not activities, and thus Aristotle does not consider them sufficient for happiness:

> Presumably, though, it matters quite a bit whether we suppose that the best good consists in possessing or in using virtue –that is to say, in a state or in an activity [that actualizes that state]. For someone may be in a state that achieves no good –if, for instance, he is asleep or inactive in some other way– but this cannot be true of the activity. For it will necessarily act

> and act well. And just as Olympic prizes are not for the finest and the strongest, but for the contestants –since it is only these who win– the same is true in life; among the fine and good people, only those who act correctly win the prize. (*NE* 1098b32- 1099a6)

In this passage Aristotle says that virtue is not sufficient for happiness because it is a disposition and not an activity. Since he has defined happiness as an activity in accordance with excellence, it is clear for him that virtue alone does not guarantee happiness. Aristotle joins two meanings of completeness in his theory: the first one is completeness as finality and comprehensiveness as referred to the final good. The second one is completeness in the sense of fulfillment of the functions of human beings in accordance with virtue. The Function Argument enables him to connect happiness with virtue and also provides an argument for saying that what is complete for human beings is *activity.* Virtue is a necessary condition because, as we have seen, it answers the question about the type of character that someone needs in order to be happy. In this sense, virtues are the specification of the agent's final good and the product of a unified deliberation about its components. However, the function of human beings is a rational life, and therefore the good for human beings should be a kind of life. Human beings fulfil their proper function only in an active life, because it is only in their actions that they flourish in the sense of fully developing their capabilities and potentialities. This is how both senses of completeness come together. It is also possible to say that a flourished individual is self-sufficient in the sense that all his aspects as a human being have come to fulfilment and therefore he does not lack anything as a human being.

Not lacking anything also has to do with material goods. One of the arguments for holding that material goods are necessary for happiness is related to virtue: "It is impossible or not easy to perform fine actions if one is without resources" (*NE 1099a33*). Annas sees the combination of virtue and external goods as a source of instability in Aristotle's theory. The first reason she gives is that there is no obvious way to establish the minimum amount of resources that an agent needs to be happy and virtuous. But even if such amount can be established, the following problem arises:

> The more external goods I have, the more I can expand the range and scope of my virtuous activity. This, however, runs into the claim that happiness is complete and self-sufficient [...] It looks as though Aristotle is faced with an awkward choice. Either he has to say that external goods are required to make a person happy, but cannot make him happier by being increased. But this is deeply mysterious. Or, he has to say that happiness is not complete, since it can be increased by the addition of further goods. (Annas 1993, p. 381)

Recall that one of the implications of the formal conditions in Aristotle's theory was the rejection of an additive conception of happiness, distancing his analysis from the economics of happiness. Including external goods as necessary for happiness, leads to a tension between the intuitive claim that nobody is happy on the wheel and the implications of the formal conditions. Seneca's alternative will render this point clearer.

3.6 Seneca: only virtue is good

The following passage shows Seneca's rejection of an additive conception of human happiness, understood as the final good:

> If then you bring in one man who is "happier" than another, you will also bring in one who is "much happier"; you will then be making countless distinctions in the Supreme Good; although I understand the Supreme Good to be that good which admits of no degree above itself. (*Ep.* LXXXV, 20)

This is the basic problem that, according to Seneca, arises from the introduction of material goods. The introduction of those goods implies a conception of happiness that does not satisfy the formal conditions that Aristotle himself established, since it leads to an additive conception of the final good. Seneca's strategy consists in showing that only virtue is good and that it is equivalent to happiness. Then, in order to prove the counterintuitive thesis about happiness –i.e. that it is possible to be happy on the wheel if one is virtuous– Seneca has to offer an account of virtue in which it is not frustrated by the lack of external goods, and provide an explanation for the fact that we intuitively prefer to be virtuous *and* healthy or rich, but argue that, if we are not, we can still be happy in the same and only degree. The Stoics call these Aristotelian goods (bodily and external) *indifferents,* and they give an explanation of why they cannot be counted as goods, and this is related to providing an explanation for the distinctive value of virtue that makes it the only good. We have seen that according to Aristotle, virtue is not complete and therefore it is not sufficient for happiness, because one can be virtuous and yet not be active, and an active life (in accordance with virtue) is the only definition of happiness that meets the completeness condition. He argues that we need external resources because without them the virtuous person cannot perform virtuous actions, and also because they are related to the development of human beings insofar as we are not only constituted by reason but we also have a sensitive nature. It is possible to anticipate from this that Seneca will give a stronger role to the rational part of human nature. Also, since Seneca agrees with

virtue being a disposition or state, the consequence is that happiness turns out to be a state or disposition rather than an activity. On this point, i.e. in conceiving happiness as a state of mind, Seneca's theory resembles the hedonistic approach in the economics of happiness. However, the characteristics of such a state of mind are quite different, particularly in the sense that for hedonists it may be achieved in a passive way while this is not possible in Seneca.

Seneca's theory will allow us to understand that the life-satisfaction approach is not compatible with the formal constraint of completeness in the Aristotelian sense, meaning that when in the economics of happiness it is said that happiness is the overarching human good, this does not mean the same that in the eudaimonistic framework. Then, using the ancients to support that happiness is the final good would be incorrect.

The first point I want to discuss is the relation that Seneca establishes between external goods and virtue. He introduces the debate with the Peripatetics (the followers of Aristotle) on this matter:

> "That which is evil does harm; that which harms makes a man worse. But pain and poverty do not make a man worse; therefore they are not evils". "Your proposition," says the objector, "is wrong; for what harms one does not necessarily make one worse. The storm and the squall work harm to the pilot, but they do not make a worse pilot of him for all that". Certain of the Stoic school reply to this argument as follows: "The pilot becomes a worse pilot because of storms and squalls, inasmuch as he cannot carry out his purpose and hold to his course; as far as his art is concerned he becomes no worse a pilot, but in his work he does become worse." To this the Peripatetics retort: "Therefore, poverty will make even the wise man worse, and so will pain, and so will anything else of that sort. For although those things will not rob him of his virtue, yet they will hinder the work of virtue" (*Ep.*[15] *LXXXV, 30-32*).

This passage shows again the analogy between virtue and skill. Seneca presents Aristotle's argument saying that the value of virtue is not complete unless it is translated into activity. Against this, Seneca will argue that the value of virtue does not depend on its success in terms of the external consequences (virtuous actions), but in having the disposition itself: "the pilot's art is never made worse by the storm, nor the application of his art either. The pilot has promised you, not a prosperous voyage, but a serviceable performance of his task –that is, an expert knowledge of steering a ship" (*Ep.* LXXXV 33). The analogy with the pilot shows that, according to Seneca, virtue is a kind of skill whose success is not determined by its external consequences but that it lies within itself. Therefore, the external forces such as a bad fortune do not impede its success.

[15] I will use *Ep.* as an abbreviation for Epistle. I use Gummere's (1953) translation.

A first important difference between Seneca and Aristotle is related to the affective component of virtue. Seneca, as well as other Stoics, does not grant any role to emotions, and in particular to pleasure, in relation to virtue: "pleasure is neither the cause nor the reward of virtue, but its by-product, and we do not accept virtue because she delights us, but if we accept her, she also delights us" (*De vita beata:* p. 121). To some extent, his position may be similar to Aristotle's, since the latter claims that the pleasure we take in virtue has to arise from the agent's awareness of the value of virtue and not just by a coincidence of having positive feelings when doing virtuous actions. However, Seneca does not grant to pleasure any motivational force in the sense that it increases or re-triggers virtuous actions. In fact, the pleasure Seneca is referring to is *joy*. The Latin term is *gaudium,* that stands for *joy* in opposition to *voluptas* which stands for pleasure (cf. *Ep.* LIX 2).Seneca does not hold that the fully virtuous person will have a complete lack of emotions. However, he states that the emotional states that she experiences are completely mediated by reason. Such mediated states are related to what the Stoics call good feelings. The Stoics believe that all feelings are judgements or beliefs (Annas, 1993, p. 62) but not all are good. The difference is that feelings, insofar as they are not directed by reason, are false beliefs; they lead the agent to impulsive behaviour. On the contrary, *eupatheiai* or good feelings are "affective states which are endorsed by reason" (Annas, 1993, p. 63).

The fully virtuous will be able to see that virtue has a value that is not comparable to the value of things like health or wealth: "But I shall say this one thing– that we regard nothing as good which can be put to wrong use by any person. And you see for yourself to what wrong uses many men put their riches, their high position, or their physical powers" (*Ep. CXX, 3*). If only virtue is good, since it cannot be put to wrong use insofar as it is the disposition to do the right thing, then the agent who has realized this will not assign the same value to other things. What it is implied here is that the process of recognizing the special value of virtue is a rational process, and this in part explains why Seneca identifies the fully virtuous person with the wise or sage.

Following Annas (1993, p. 410) "If we are tempted to seek virtue because it will make us tranquil or secure, we are missing the point about virtue that is most important; it is virtue itself that matters, not its results". This contrasts sharply with the hedonists approach in which the value of any action or thing is determined by its contribution to pleasure. Therefore, a statement like the

following may be puzzling coming from a hedonist "Behaving well can of course make you feel good. Though the philosopher Immanuel Kant believed that doing the right thing should give no pleasure, the MRI scanner shows that it does [...] In this sense, virtue was its own reward" (Layard 2005, pp. 101-102). There are two reasons why this statement is incoherent in the light of Layard's general theory. First, what does he mean with "behaving well" given that the only criterion for judging morally any behaviour is that it promotes pleasure? It seems that he has somehow determined outside his theory what a good behaviour is in order to check if good behaviour promotes happiness. Second, Layard could not mean that virtue is its own reward, since it is clear that the reason he approves it is because it produces pleasure (recall also that he holds that everything but happiness has an instrumental value). His claim may be saying something like "don't worry, the things you believe to be good, your personal or social values, are in fact good for they produce pleasure". However, what about people who behave badly? Do they experience pain when they behave in the opposite way? If this is so, there is no such thing as behaving well or badly; instead, what we have is that opposite behaviours are good for different people insofar as each produces pleasure to some persons but not to all. In the hedonist approach virtue, personal values, as well as other aspects of human life, cannot be consistently said to have an intrinsic value.

Returning to Seneca's theory, good feelings are stable basically because they are grounded in the agent's rational judgements. Seneca holds that changes in external "goods" would not perturb the virtuous person's state of mind. If virtue is a completely rational skill, it is not surprising that Seneca, as well as other Stoics, identify the virtuous person and the sage. In fact, unlike Aristotle, Seneca accepts almost without qualification the skill analogy precisely because the difference in the affective component: "Man's primary art is virtue itself" (*Ep. XCII, 10).* Based on the skill analogy, Seneca establishes the relation between virtue and the Aristotelian external goods in the following way:

> "What, then," comes the retort, "if good health, rest, and freedom from pain are not likely to hinder virtue, shall you not seek all these?" Of course I shall seek them, but not because they are goods, –I shall seek them because they are according to nature and because they will be acquired through the exercise of good judgment on my part. What, then, will be good in them? This alone, to be chosen well[16] [*bene eligi*]. (*Ep.* XCII 11)

[16] Gummere's (1953) translation of the underlined fragment says "that it is a good thing to choose them". I chose a more literal translation of *bene eligi.* Eligi is the present passive infinitive of the verb *eligo,* to choose (therefore, in passive, "to be chosen"), and *bene* is the adverb well.

The value of those "goods" is therefore determined in their being rationally chosen. In themselves, they are not goods but preferred *indifferents*. If they are not available because of external circumstances, they will not affect the virtuous person because he does not attribute them any value in themselves. This implies that the rational aspect of human beings, according to Seneca, overrides everything (*Ep. XCII, 13*). However, notice that the fact that they are called *preferred* indifferents introduces the idea that they do have some value after all. The difference between Seneca and Aristotle on this matter is that the former argues that the value that things like health and wealth have cannot be compared to the value of virtue. In fact, it is their use according to virtue that makes them preferred and not any quality that they possess in themselves. As we said before, the reason for calling them indifferents is because they can be put to wrong or correct use and only virtue is what determines that they are used correctly, i.e., according to reason. This is why the Stoics also define virtue as the good use of the indifferents.

Seneca's account of virtue allows him to present it as complete, since the perfection of rationality is a stage beyond which no further development is possible for a rational being. About the problem of being poor and virtuous and being rich and virtuous Seneca would say that since the value of virtue is superior and not comparable to the value of the indifferents, then adding them will make no difference. Full virtue is the state of having perfected our rational condition, and when we realize the distinctive value of virtue and understand its superiority we will not be troubled by the twists of fortune.

> The happy life depends upon this and this alone: our attainment of perfect reason. For it is naught but this that keeps the soul from being bowed down, that stands its ground against Fortune; whatever the condition of their affairs may be, it keeps men untroubled (*Ep.* XCII 2)

If Seneca's theory were accepted, would it be possible to say that economics or public policy should aim at promoting virtue? The answer is no, since one of the most important results of Seneca's theory is that happiness is completely dependent on the agent. No one can do for him the job of cultivating his own reason. Hence, it is possible to see that the state of mind that Seneca refers to cannot be attained by the agent in a passive way; it requires a permanent enforcement of a rational life. Even the emotional states of the wise can only be attained through the active exercise of reason. Since virtue is a stable rational disposition to perform certain actions, and that disposition is grounded on reflection, it is not a state that can be achieved in a passive way. In Aristotle's

theory, public policy may have more room, but it will never be sufficient for making someone happy because only the agent with his own efforts and character is able to become virtuous. However, public policy can provide the material bases and the proper education that enable the agents to flourish in the moral sense and also in terms of their other qualities, abilities and potential. On the contrary, the hedonist conception of happiness is compatible with a completely passive role of the agent towards his own happiness. An external source of affective stimulation is sufficient for the agent to be happy. In Layard's theory a good public policy could be giving the poor a "happiness pill" with no side effects, for nothing else matters than the experience of pleasure[17].

To sum up, Annas says that the debate between Aristotle and the Stoics shows an internal tension within the concept of happiness:

> Our intuitions demand that happiness have something to do with experienced satisfaction; hence it is just absurd, to common sense, to call the virtuous person on the wheel happy. However, common sense is also ready to appreciate the importance of completeness and self-sufficiency; hence we pursue their implications. At some point we get a strain between the tendencies within common sense. If we are unwilling to count the virtuous person on the wheel as happy, because we find it absurd, we have to make external goods necessary for happiness (Annas, 1993, p. 384).

As we have shown with Seneca's objection, making external goods necessary for happiness conflicts with the implications of self-sufficiency and completeness, principally with the rejection of an additive conception of happiness. Ancient discussion can inform the economics of happiness methodologically. What made the discussion so rich in eudaimonistic theories was that the ancients were aware that happiness was principally an ethical concept whose content had to adjust in order to meet its normative demands. The debate was fruitful insofar as the ancients pursued consistency and coherence between the content of happiness and its formal characteristics. I do not claim that we have to accept the formal constraints established by Aristotle or even the idea of an overarching good. However, economists of happiness use the same terms than the ancients without being aware of their implications. Economists of happiness seem to be divided, as Bruni and Porta (2007) suggest, between two major groups: hedonists and followers of the eudaimonistic tradition. We have presented the example of Richard Layard, who claims that his theory of happiness is better

[17] It is interesting to note that Layard does not answer Nozick's objection. Rather, he says that it is not an objection after all: "If someone finds a happiness drug without side effects, I have no doubt that most of us will sometimes use it" (Layard 2005, p. 114).

than Aristotle's because, according to him, the latter is just a particular case of the former. As we have seen, the claim is false because in Aristotle's theory happiness is not an emotional state. On the other hand, classifying the unrestricted life-satisfaction approach as eudaimonistic, as Bruni and Porta (2007) do, misses a central point in Aristotle's theory. It is not enough to say that we care for more things other than our affective state in order to have an Aristotelian theory. Certainly, Aristotle would agree with such a statement. Nevertheless, there are certain conditions that come from the role of practical wisdom and from the Function Argument which give an objective character to his theory of happiness. These conditions (autonomy, practical wisdom, etc.) appear as a common feature between Aristotle's theory and some positions within the economics of happiness like Barrotta's. Aristotle's theory does not claim being consistent with the first person standpoint precisely because of those conditions. On the contrary, Barrotta argues that his position about happiness is consistent with the first person standpoint as most economists understand it and, as we have seen, this presents serious difficulties.

Moreover, given the variety of meanings that happiness has in this literature, it is very important to understand the precise sense in which the word is used *and* to determine whether the authors ascribe to it a normative role or associate it with the final good. It is possible to find in the literature the word happiness as a synonym of pleasure but without attributing to it a normative role (e.g. Diener et al. (2009)). The general case in the literature is the imprecision and interchangeability of different terms such as utility, well-being, happiness, welfare, among others. Since it is certainly desirable to use the terms in a more precise way, this needs not to be a problem if we are able to understand what is the normative concept and the content attributed to it. However, this is not the case with most authors, which obstructs their construction of a solid theory of happiness because they are unable to discuss with alternative theories.

An illustrative example of this situation is Barrotta's discussion of Sen's theory. Barrotta (2008, p. 158) quotes the following passage from Sen: "The standard of life cannot be so detached from the nature of the life the person leads. As an object of value, happiness or pleasure (even with broad coverage) cannot possibly make a serious claim to *exclusive* relevance (Sen 1985: 7–8)". He says that, contrary to what Bruni and Porta claim, Sen's approach cannot be considered akin to Aristotle's theory because he questions the exclusive legitimacy of happiness. However, notice that Sen is clearly using happiness in this passage in the hedonistic sense, i.e. as a synonym of pleasure.

As it should be clear by now, Aristotle would say that happiness, understood as pleasure, is a component of *eudaimonia* but not the only thing that matters. In this sense, Sen and Aristotle would disagree only verbally, i.e. in the word they use to refer to different concepts. What would Barrotta say if Aristotle's eudaimonia is rendered by "well-being" and not by "happiness", as it is often suggested? If Aristotle considered hedonistic happiness to be the highest good, then it clearly would be different from Sen's approach. However, this is not the case. The common points between those theories are more salient if we consider another part of the passage quoted in Barrotta (2008, p. 158):

> Consider a very deprived person who is poor, exploited, overworked and ill, but who has been satisfied with his lot by social conditioning (through, say, religion, or political propaganda, or cultural pressure). Can we possibly believe that he is doing well just because he is happy and satisfied?

Remember that Aristotle said that the *eudaimōn* is the person who is *doing well* or living well, understanding "well" as "in accordance with virtue" and also with some minimum external goods and goods of the body. Only pleasure (hedonistic happiness) would not be sufficient for a good human life. Indeed, Aristotle qualifies the life dedicated to pleasure as the life of "grazing cattle" (*NE 1095b* 21), or in modern terms, a life attainable by plugging ourselves to an experience machine which produces a pleasant feeling. Therefore, Aristotle would agree with Sen that *hedonistic* happiness is not sufficient for *eudaimonia* although it is one of its components; in Sen's words this means that "being happy is an achievement that is valuable" although it is not sufficient for well-being because there are other valuable functionings. The purpose here is not to compare Sen and Aristotle's theory, but to point out that the argument Barrotta provides to differentiate their theories as different is incorrect.

Finally, let me end by quoting one of the most striking examples of the confusion of several traditions that have completely different ideas about happiness. Frey, presenting his idea of procedural utility, states that:

> Procedural utility emphasizes utility as *well-being*. Utility is understood in a broad sense as pleasure and pain, as positive and negative affect, or as life satisfaction. This reinstates the original economic idea that utility consists of everything that an individual values. (Frey 2008, p. 108)

This statement mixes most of the theories of happiness we have studied in this article. Conceptual clarity is important because we will only be able to debate properly if we understand clearly the sense in which happiness is used and what are its normative characteristics. This is not a trivial discussion for the economists of happiness; on the contrary, it has to do with what they claim to be not only their central concept but that of economic science.

CONCLUSION

The economics of happiness has received much attention in recent years and appears as a thriving field of research. One of its major claims regards the legitimate object of economics as a science and as an art. According to these authors, instead of focusing on wealth, economics should study and promote human happiness. In order to assess this claim, in this article I have compared this new literature and its main advocates with ancient theories of happiness. This has allowed me to point out one of the most striking differences between the economics of happiness and ancient classical thought; namely, that the ancients derive the content of happiness from formal ethical constraints while economists do not. This reflects that the ancients took seriously the fact that happiness is essentially an ethical concept and that the content we attribute to it should adjust to fit the notion of 'final good':

> Happiness has been introduced as a thin and indeterminate specification of our final end. It is a mistake to bend the notion of virtue to fit happiness; in the ancient way of thinking it is happiness which is the weak and flexible notion, which has to be modified when we understand the demands which virtue makes in our lives (Annas 1993, p. 129).

The interest in the effects of "happiness" on other economic variables (or vice versa) is absolutely legitimate. I put happiness in quotation marks because as a variable of interest it may have almost any meaning, depending on the researcher's interest. For example, we may study the effects of being optimistic or cheerful on income or job opportunities and refer to optimistic people as happy people. But to do this is one thing, and another very different is to say that *this* meaning of happiness is the ultimate goal for individuals and that we should promote it above anything else. The notion of supreme good, along with other things (for example maintaining the first person standpoint), restricts the possible meanings that the word identified with it can have. If we say that happiness is the *summum bonum* it is no longer evident that optimistic or cheerful people are happy. This is why it seems so important to disentangle the meanings economists, explicitly or implicitly,

give to happiness. When we associate happiness with the idea of ultimate good we go beyond its every-day use and ascribe it an ethical value. It is because happiness is used in this ethical sense that I was able to bring the ancients into the current discussion within the economics of happiness.

I have attempted to show that the economics of happiness faces some internal inconsistencies because of the conflict of their different claims about happiness. Hedonism and the restricted life satisfaction approach are inconsistent with the first person standpoint which says that individuals are the best judges of their own happiness. The unrestricted life satisfaction approach has trouble establishing its definition of happiness as the normative concept these authors want it to be, i.e. the overarching human good. At the same time, it seems that economic policy would only help promote happiness indirectly, enabling individuals to pursue whatever they want. Let us not forget Seneca's opening words in *De Vita Beata:*

> To live happily, my brother Gallio, is the desire of all men, but their minds are blinded to a clear vision of just what it is that makes life happy; and so far from its being easy to attain the happy life, the more eagerly a man strives to reach it, the farther he recedes from it if he has made a mistake on the road; for when it leads in the opposite direction, his very speed will increase the distance that separates him.

Some economists embrace with great enthusiasm the findings of the economics of happiness. Some see this research as promising, and providing the long awaited measure of utility with which research can be significantly furthered. But let's take Seneca's advice seriously: if we do not scrutinize the different elements involved in the word "happiness", and distinguish between the different meanings it can have in several dimensions, we could foolishly chase after something very far from that which we intended to pursue. The intuition that a happy life is something we all desire is very powerful: it may lead us in the opposite way of its encounter.

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